GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1283
ANSWERED ON:07.03.2008
WAIVING OFF FARM LOANS AND INTEREST
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has received requests from various States to waive off loan and interest of the farmers due to drought/flood during the last two years and current year;

(b) if so, the details thereof alongwith the names of the States;

(c) the decision taken by the Government thereon and the extent to which loan is proposed to be waived off; and

(d) the impact on the banking sector as a result thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d) : Requests were being received by the Government from different quarters for waiver of farms loans and for providing all sorts of relief to be given to farming community in the country. Accordingly, in the Union Budget 2008-09, the Government has announced a debt waiver and debt relief scheme for farmers, which covers all agricultural loans disbursed by Scheduled Commercial Banks (SCBs), Regional Rural Banks (RRBs) and Cooperative Banks upto 31st March, 2007 and overdue as on 31st December, 2007. The scheme stipulates complete waiver of all loans that were overdue on 31.12.2007 and which remained unpaid until 29.02.2008 for small and marginal farmers, while there is a One Time Settlement (OTS) scheme for other farmers during the same period. The OTS covers a rebate of 25% against payment of the balance amount of 75%.

The scheme does not have any adverse financial implication for the banks concerned that implement the scheme.